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SUBJECT: Compromise Possible on NPC

¶1. The National Petroleum Commission (NPC) has been mired since its establishment by an inability to agree on terms of reference. The SPLM also been denied meaningful access to the existing oil contracts and consistent access to the fields to read the meters and investigate environmental concerns. The southerners argue these practices all violate their right to monitor and seek redress under the CPA. They are also concerned about long-term impact to the Sudd, the world's largest freshwater wetlands, and the potential damage to the Nile. The southerners blame GNU Energy and Mining Minister Awad Ahmed al-Jaz-Al for blocking all Government of Southern Sudan (GOSS) access.

¶2. The dispute in the NPC centers on SPLM insistence on an independent commission with policy making and contract negotiating authority, full participation by southern members including the state representatives, and a delegation of administrative and technical responsibilities to a joint secretariat. The northern members had pushed for the NCP to play only a rubber stamping role for all contracts which the Minister of Energy alone would have the authority to negotiate and sign. Last month, however, the southern and northern members met to try and break the logjam. Because President Bashir sits on the NPC as one of the co-chairs of the commission, along with First Vice President Salva Kiir, he was reportedly embarrassed by the committee's ineffectiveness. The SPLM members of the NPC say they are close to a compromise on many of the key obstacles and expect that the National Congress Party (NCP) will agree to allowing the GOSS Ministry of Mining and Industry and the Government of National Unity (GNU) Ministry of Energy to jointly negotiate oil contracts in southern areas and then refer them to a joint secretariat for implementation.

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